

**BEFORE
THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
)	CC Docket No. 96-45
Federal-State Joint Board on)	
Universal Service)	

ANNUAL CERTIFICATION OF HIGHLAND CELLULAR, LLC

Highland Cellular, LLC (“Highland” or the “Company”) an Eligible Telecommunications Company in the State of Virginia, hereby provides the Commission with an annual compliance filing containing information as set forth in the Commission’s Order in the above-captioned proceeding (“*ETC Certification Order*”)¹ and in the Commission order designating the Company as an ETC.²

1. Construction Plan Progress and Use of Support

Highland was first designated as an ETC in certain areas of Virginia in April 2004.³ During the twelve month period ended June 30, 2006, Highland received a total of \$ in Universal Service Support. During the same period, Highland invested \$ in capital improvements in Highland’s designated ETC study area in Virginia.

Since the requirement to submit a five-year construction plan did not exist at the time of Highland’s designation in 2004, Highland hereby submits its current plan for the next five years attached hereto as Exhibit A. Based on the projected support available in the Virginia ETC service areas, Highland projects using Universal Service Support to build

¹ Report and Order In the Matter of the Federal-State Joint Board on Universal Service, FCC 05-46 (rel. March 17, 2005). See also 47 C.F.R. §§ 54.202 and 54.209.

² See Federal-State Joint Board on Universal Service, Highland Cellular, Inc., FCC 04-37 (rel. Apr. 12, 2004)

³ *Id*

The project contemplated in Highland's five year plan is subject to change, based on a number of factors, including but not limited to potential fluctuations in the level of federal high-cost support it may receive in the future. Highland does not propose to construct cell sites or other service improvements serving every wire center within its Virginia designated ETC service areas within the term of its five-year plan simply because it does not anticipate receiving sufficient Universal Service Support to do so.

Since being designated an ETC in Virginia, Highland has used Universal Service Support to improve

How much support Highland has received and how that support has been spent since Highland's ETC designation has been previously reported to the Commission in the context of Highland's 2004 and 2005 annual compliance reports, filed in accordance with the Commission's order designating Highland as an ETC.

In the last twelve months, Highland has

In accordance with Sections 54.313 and 54.314, Highland, certifies under penalty of perjury that all federal high-cost support provided to the Company will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, pursuant to Section 254(e) of the Telecommunications Act of 1996.

2. Outage Reporting

For the twelve month period ended June 30, 2006, Highland experienced outage of at least 30 minutes in duration on the facilities it owns, operates, leases, or otherwise utilizes that potentially affect at least ten percent of the end users served in its designated service areas in Virginia, pursuant to the Commission's *Report and Order*.³ outages described below affected all of the services that Highland provides to its customers.

³ See New Part 4 of the Commission's Rules Concerning Disruptions to Communications Report and Order and Further Notice of Proposed Rulemaking, 199 FCC Rcd 16830, 16923-24, §4.5 (2004) ("*Outage Reporting Order*"); 54.209(a)(3).

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3. Service Requests

Pursuant to 54.202(a)(1), Highland hereby certifies that it commits to provide service throughout its Virginia ETC designated service areas to all customers making a reasonable request for service and that it will provide such service on a timely basis to the requesting customers within Highland's service areas where Highland's network already passes the potential customer's premises; and, to provide service within a reasonable period of time, if the potential customer is within Highland's designated service areas, but outside of its existing network coverage, if service can be provided at a reasonable cost by modifying or by following the six-step process set forth in 54.202(a)(1)(i)(B) for provisioning service to requesting customers.

Pursuant to 54.209(a)(3), Highland reports that for the twelve month period ended June 30, 2006, the Company provided service in a timely manner requesting customers within its Virginia designated areas by issuing its standard customer equipment. If the issued standard equipment did not provide acceptable service, Highland took a series of steps to provide service, including:

- * First, it determined whether the customer's equipment could be modified or replaced to provide acceptable service.
- * Second, it determined whether a roof-mounted antenna or other network equipment could be deployed at the premises to provide service.
- * Third, it determined whether adjustments at the nearest cell site could be made to provide service.
- * Fourth, it determined whether there were any other adjustments to network or customer facilities that could be made to provide service.
- * Fifth, it explored the possibility of offering the resold service of carriers that have facilities available to that location.

by the CTIA Consumer Code for Wireless Services, as it may be amended from time to time, for all of its operations in Virginia designated areas. Furthermore, CTIA has certified Highland as being in compliance with its Consumer Code of Wireless Services, based on CTIA's review of Highland's practices.

6. Ability to Remain Functional in Emergencies.

Section 54.202(a)(2) of the Commission's rules require an ETC applicant to:

demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.⁵

In response to that requirement, Highland notes that it has the following systems in place to demonstrate its ability to remain functional in emergency situations:

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⁵ ETC Report and Order, *supra*, 20 FCC Rcd at 6382, para. 25.

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Highland also certifies pursuant to Section 54.209(a)(6) of the Commission's rules that it is able to function in emergency situations and has in place an Emergency Functionality Plan, as set forth in Exhibit B attached hereto.

7. Local Usage

In the *ETC Certification Order*, the Commission concluded that each ETC must demonstrate and annually certify that it offers at least one local usage plan comparable to the one offered by the incumbent LEC in the service areas for which the applicant seeks designation.⁶ In the *ETC Report and Order* on which that requirement was based, Commission declined to adopt a specific local usage threshold or require that an applicant match the incumbent's offering. Rather, the Commission concluded that the comparability of rate plans should be evaluated on a case-by-case basis, in consideration of the number of included minutes, the size of the "local" calling area, monthly price, and other factors.

As examples, the Commission mentioned that an applicant may offer "a local calling plan that has a different calling area than the local exchange area provided by the LECs in the same

⁶ See *id.* at 6385, para. 32; 54.202(a)(4) and 54.209(a)(7)

region, or . . . a specified number of free minutes of service within the local service area.”⁷ The Commission also envisioned cases where an applicant may offer an unlimited calling plan that bundles local minutes with long distance minutes.⁸

Highland has a variety of plans that demonstrate that it meets the local usage requirement for purposes of 54.202(a)(4). Customers may choose from a variety of plans with different combinations of local calling areas, included minutes, and monthly rates, to suit individual consumer needs. For example, Highland’s GSM Unlimited Local Plan offers unlimited calling within a local calling area comprising Highland’s licensed service area. The plan is available for a monthly price of \$39.99 for a guaranteed 2-year period. Highland also offers a number of usage plans that allow customers to make calls or travel beyond the local calling area without incurring toll or roaming charges. The \$49.99 Talk Anywhere Plan, for example, offers 750 anytime minutes with nationwide roaming and long distance at a monthly rate of \$49.99. Consumers who travel more may opt for the \$109.99 Talk Anywhere Plan, which offers 2,000 anywhere nationwide roaming and long distance plus unlimited nights and weekends with Highland’s local calling area.

Highland’s licensed area – its smallest ‘local’ calling area – is much larger than rural ILEC local calling areas, which typically allow a consumer to reach only a few hundred or a few thousand people within an area made up of a handful of exchanges. Consumers who make calls primarily within Highland’s licensed area will benefit from unlimited mobile local calling at a low monthly price. If they travel more, or make many calls to relatives or business associates beyond that area, they may benefit from one of the nationwide plans. Providing deeper geographic reach delivers a significant benefit to the consumer, and the Commission has cited

⁷ *Id.* at para. 33.

⁸ *Id.*

studies concluding that “wireless service is cheaper than wireline, particularly if one is making a long distance call or when traveling.”⁹

In summary, pursuant to Section 54.209(a)(7) of the Commission’s Rules, Highland certifies it is offering a local usage plan that is comparable to ILEC rate plans within its Virginia designated ETC service area.

8. Equal Access.

As required of applicants before the Commission under the *ETC Report and Order*,¹⁰ Highland certifies that the Commission may require it to provide equal access to long distance carriers in the event no other ETC is providing equal access with the Virginia designated ETC service areas.

We trust that you will find this to be responsive to the compliance materials requested in the *ETC Certification Order* and Highland’s ETC designation order. Should you have any questions or require any additional information, please contact:

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Respectfully submitted,

Highland Cellular, LLC

By: 

David B. McClure
Senior Vice President,
CFO & Secretary

Dated: September 20, 2006

⁹ Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report & Analysis of Competitive Market Conditions with Respect to Commercial Mobile Servs., Ninth Report, 19 FCC Rcd. 20597, 20684, para. 214 (2004) (“*Ninth CMRS Competition Report*”).

¹⁰ See *ETC Report and Order*, supra, 20 FCC Rcd at 6386, para. 35; 54.202(a)(5) and 54.209(a)(8).

DECLARATION UNDER PENALTY OF PERJURY

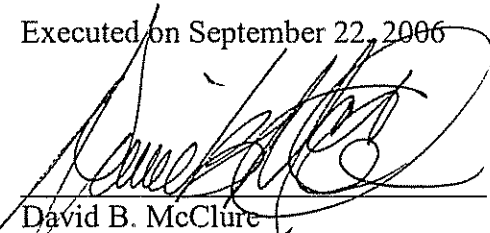
I, David B. McClure, do hereby declare under penalty of perjury as follows:

1. I am the Senior Vice President, Chief Financial Officer and Secretary of Highland Cellular, LLC ("Highland")

2. This Affidavit is submitted in support of Highland's Annual Compliance Filing and Request for Recertification, pursuant to *Report and Order In the Matter of the Federal-State Joint Board on Universal Service*, FCC 05-46 (rel. March 17, 2005) and Sections 54.202 and 54.209 of the FCC's Rules.

3. I declare under penalty of perjury that the statements contained in the foregoing Annual Compliance Filing are true and correct to the best of my knowledge.

Executed on September 22, 2006


David B. McClure
Senior Vice President, CFO & Secretary
Highland Cellular, LLC

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 22nd day of September, 2006.


NOTARY PUBLIC

My Commission Expires: 12-07-2015

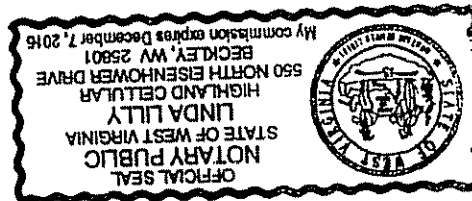


EXHIBIT A

**THIS EXHIBIT IS WITHHELD FROM THE ELECTRONICALLY SUBMITTED
VERSION AS THE FILER HAS REQUESTED CONFIDENTIAL TREATMENT**

EXHIBIT B

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VERSION AS THE FILER HAS REQUESTED CONFIDENTIAL TREATMENT**